

Patrick-Murray Administration's Record of Responsible Budget Management

Amid the worst global economic recession in nearly a century, Governor Patrick has consistently and responsibly managed the state budget. With a budget gap of over \$8 billion in Fiscal Years 2009 and 2010, Governor Patrick has made the tough choices necessary to protect core services and set the Commonwealth on a path to a strong recovery.

In Fiscal Year 2009

- In an April 2008 economic address at MIT, as the national economy began to falter, the Governor outlined his vision to help Massachusetts weather the downturn. He launched a historic capital investment plan in the state's neglected infrastructure, released millions in workforce training and local infrastructure grants and expanded foreclosure assistance and prevention programs.
- Also in April, the Governor began preparing agencies for possible 9C reductions. This was five months before we saw any decline in state revenues.
- In October 2008, at the first sign of a revenue shortfall, the Governor implemented emergency 9C cuts and outlined a Fiscal Action Plan including revenue adjustments and spending cuts, voluntary non-Executive Branch cuts, and sweeping government reforms which led to successful elimination of the Turnpike authority and landmark legislation closing pension loopholes.
- Managed four revenue revisions totaling \$3 billion.
- Throughout FY09, the Governor used a balanced approach to solving each budget gap, including cuts, some new revenues, federal stimulus funds, and an appropriate use of stabilization funds.
- Personnel actions included reducing positions by 1,000, furloughs for all managers, no merit raises and zero percent increases for all employees

In Fiscal Year 2010

- Working with legislative leaders, the Governor signed an on-time, balanced budget as other states struggled throughout the year to pass spending plans.
- The Governor and legislative leaders proactively lowered the FY10 consensus revenue estimate on May 6, immediately following the \$456 million loss of revenue in April. Traditionally, any forecast lowering occurs once the fiscal year has begun.
- Again, the Governor balanced the budget with a combination of cuts, revenues (including the sales tax increase) and one-timers, principally ARRA.

- Cuts include another 750 positions, now being implemented, plus again holding the line on salary increases, increasing health care contributions for active employees and new retirees.
- Additionally, the Governor has directed Administration and Finance officials to work with the unions to secure commitments that would yield savings.
- Rating agencies have commended our swift and frequent responses to revenue losses and upheld the Commonwealth's excellent AA rating with a stable outlook.

October 2009

- Yesterday, Governor Patrick outlined a Five-Point Fiscal Management Plan for closing a \$600 million budget shortfall for the remainder of FY10.
- The plan includes:
 - **Executive Branch 9C Cuts:** The Governor will review suggested reductions in government programs, so-called 9C cuts, submitted by Executive Branch agencies, and make hundreds of millions of dollars in mid-year cuts.
 - **State Personnel Impacts:** The Governor's plan also calls for greater sacrifices from state employees, including:
 - the possibility of eliminating up to 2,000 positions as a result of programmatic reductions;
 - requiring all Executive Branch Managers to take up to nine furlough days, depending on their salary levels;
 - calling on union leaders to work with the Administration to identify ways union employees can share in this sacrifice to mitigate layoffs and continue to provide vital services.
 - **Consolidation of Agencies:** The Governor has directed his Cabinet to provide to him by the time he files his FY11 budget proposal a plan for consolidating as many different agencies and functions as possible in order to achieve savings and provide services in a more efficient manner.
 - **Pooling State's Energy Purchases:** The Governor has directed all state facilities managers to work with the Executive Office for Administration and Finance and Executive Office of Energy and Environmental Affairs on a plan for centralized energy purchasing, which would greatly reduce state energy costs.
 - **Expanded 9C Powers and Voluntary Cuts from Non-Executive Branch Agencies:** The Governor will seek expanded 9C authority which will allow him to make mid-year reductions to accounts outside

of the Executive Branch. He has also asked each constitutional officer to submit a plan to voluntarily reduce their own spending in the current fiscal year at levels consistent with what he is asking of Executive Branch agencies.